

## **Using the Housing Choice Voucher Program In Alaskan Assisted Living Homes**

### **Background**

The Housing Choice Voucher Program (formerly known as Section 8 Tenant Based Rental Assistance) provides eligible low-income Alaskans with a method of obtaining affordable housing. It helps families lease privately owned rental units from participating landlords. The Alaska Housing Finance Corporation's Public Housing Division administers the voucher program in eleven communities throughout Alaska.

The Housing Assistance Payments (HAP) Contract is a mandatory agreement between the public housing agency and the owner of a unit occupied by an assisted family. Part C, the Tenancy Addendum to the HAP Contract, contains language that has caused some assisted living homes to decline to participate in the Housing Choice Voucher program. Part C, Section 6b reads as follows: *"The owner may not require the tenant or family members to pay charges for any meals or supportive services or furniture which may be provided by the owner. Nonpayment of any such charges is not grounds for termination of tenancy."* Similar language is included in a HUD Notice issued in 2000 to address the use of Housing Choice vouchers in assisted living. This policy may have arisen to discourage mandatory meal programs in independent senior housing, a common practice in the 1980's.

Some assisted living home administrators fear that if they accept somebody using a Housing Choice Voucher, the person could refuse to pay for their meals or services, which are required by Alaska statutes and regulations to be provided in an assisted living home. This could potentially create a financial and regulatory challenge for the administrator.

At least two assisted living homes in Alaska (Kodiak and Homer) currently accept Housing Choice Vouchers. Neither has encountered a problem with people refusing to pay for services. In fact, in the words of one manager, "if not for Section 8, we would not have made it." So far, everyone on a Housing Choice Voucher has also been on the Medicaid waiver, which pays for services. The tenants are required to spend a portion of their income on rent, and they pay a monthly fee for meals as well. Because of the different financial eligibility requirements for the Housing Choice Voucher and Medicaid, it is possible that a person could qualify for the Voucher and not qualify for Medicaid. In that case, the risk to the home may increase, since residents would be responsible for paying for their meals, services and part of their rent.

To find out if other states have encountered this problem, nine states were contacted. Findings are briefly summarized below.

## **Findings from States**

*Florida* - Florida uses Housing Choice Voucher in assisted living. Since their state assisted living regulations require services in assisted living homes, they believe their assisted living regulations override the HAP contract. They do not report encountering a problem with the provisions of the HAP contract.

*Wisconsin* - Wisconsin is using Housing Choice Voucher in assisted living. They have not had any problem with people refusing services when using Section 8, but it has been a problem in their tax-credit units. Offering a la carte services has exacerbated the problem. Because their tax-credit assisted living units are new, very attractive, and very affordable, people have moved in who do not necessarily need or want the services, creating a financial challenge for the owners.

*Colorado* – Colorado has not used Housing Choice Voucher in assisted living.

*Delaware* – Delaware originally intended to use Housing Choice Vouchers in assisted living, but has not. A state supplement has met the need for rental assistance in assisted living.

*New Hampshire* – 50 Vouchers are available for use in assisted living.

*Utah* – Utah does not use Housing Choice Vouchers in assisted living.

*Michigan* – Michigan has designated a certain number of their Housing Choice Vouchers for assisted living, specifically to help people move out of nursing homes. They found that many people in nursing homes could not afford to pay the room and board costs associated with assisted living. They devised a program that combines the Medicaid waiver with the Voucher, and identified several issues in the use of the Voucher in assisted living. They did not find that people using Vouchers refused to use or pay for services, since it was used in combination with the Medicaid waiver, which paid for services and meals.

*Maine* – Services are optional in assisted living, but they also require that tenants be service needy to get in, reducing the chance they will decline services. Maine's QAP designates some Housing Choice Vouchers for tax-credit projects.

*Nebraska* – A few facilities in Nebraska are using Housing Choice Vouchers. No problems with using the Voucher have been reported.

## **Conclusions:**

- Using Housing Choice Vouchers in assisted living is neither widespread nor risk-free. While it could be used as a resource to increase the affordability of assisted living, most states have only begun to use it, on a limited basis.

- Some states have designated Housing Choice Vouchers specifically to assisted living in their QAP. In many states, the demand for Vouchers far exceeds the supply. Designating a certain number of vouchers for assisted living, or specifically for nursing home residents who want to transition to assisted living, ensures that assisted living becomes more affordable for at least some people.
- Tax-credit funded housing faces similar restrictions on mandatory services. In general, property owners rely on skilled marketing of service packages to minimize the chance of non-payment. Owners rely on the fact that people do not generally move into assisted living homes if they are not in need of services.
- Many people who were contacted in the various states were not aware of the paragraph in the HAP contract that addresses required services. While they agreed that it unnecessarily increases the risk to the property owner, nobody I spoke with was aware of it having caused a problem to date.
- Michigan has identified three priorities for changing Housing Choice Vouchers to become more compatible for use in assisted living homes:
  1. Financial contributions toward rent from family members should not be prohibited;
  2. The HUD 40% Rule is not appropriate for persons receiving Medicaid Waiver benefits, and should be eliminated; and
  3. A determination of the Maximum Rent Limit for assisted living facilities should not be based on a comparison with surrounding independent living apartments.

These proposed changes, and elimination or modification of Part C, Section 6b of the HAP Contract would make Housing Choice Vouchers much more usable in assisted living, ultimately allowing more seniors and people with disabilities to receive the care they need and prefer.

## **Sources**

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